

Revised based on amendments adopted through 3-25-14

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2014-15		FY 2015-16	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	2,857,248		5,335,568	
CASH FUNDS				
FEDERAL FUNDS	12,269,579		24,160,229	
OTHER FUNDS				
TOTAL FUNDS	15,126,827		29,495,798	

FY 2013-14

General Funds 1,760

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

This bill requires the Department of Health and Human Services to apply for a grant under State Balancing Incentive Payment Program (BIPP) by September 1, 2014. The department is to report to the Health and Human Services Committee on or before December 1, 2014, on the status of the grant. An eleven-member Aging Nebraskans Task Force is created under the Legislative Council.

The State Balancing Incentive Payment Program provides states with enhanced federal matching funds in Medicaid to expand home and community-based services. States receiving the enhanced match must make structural changes which include establishing a single point of entry, optional presumptive eligibility, case management services and use of a statewide standardized assessment instrument for determining eligibility for home and community-based services. States with grants under this program may not adopt more restrictive eligibility standards than those in place as of December 31, 2010. The grants are available through September 2015.

Due to the short timeframe for application for the BIPP, a consultant would be needed to prepare the application. The estimated cost is \$80,000 (\$40,000 GF and FF) in FY 15. The staff needed to implement the grant is a program coordinator and a staff assistant. The cost would be \$124,122 (\$62,061 GF and FF) in FY 15 and \$154,388 (\$77,194 GF and FF) in FY 16. Additionally, the department will need to develop a single point of entry system at a cost of \$60,000 (\$30,000 GF and FF) in FY 15. System changes will cost \$192,000 (\$ 96,000 GF and FF) in FY 15.

Nebraska would be eligible to receive a 2% increase in federal matching funds to enhance home and community-based services. The additional enhanced match would be approximately \$3.1 million in FY 15 and \$6.2 million in FY 16. The freed up general funds would generate \$5.8 million in FY 15 and \$11.6 million in FY 16.

Clients on the home and community-based waiver or those under managed care would not be eligible under the BIPP grant. HHS currently provides case management services to clients on the home and community-based waiver and the Department’s fiscal note assumes case management would be extended to all clients served under the BIPP grant. HHS estimates there are approximately 4,966 who would receive case management services. Case management services currently cost \$193 per month per client. The total cost for half of FY 15 would be \$5,750,628 (\$2,629,187 GF and \$3,121,441 FF) and \$11,501,256 (\$5,528,374 GF and \$6,242,882 FF) for a full year in FY 16.

Travel costs for the task force members are estimated to be \$1,760.

The changes that would be done under the BIPP have the potential to shift services from institutional care to home and community-based care. Further study would need to be done to determine the extent of the savings that would result from the shift to more home and community-based services.

The chart on the next page summarizes the funding:

	FY 15				FY 16			
	General	Federal	Total	PSL	General	Federal	Total	PSL
Staffing								
Grant Writer	40,000	40,000	80,000					
DHHS Program Coordinator	23,282	23,282	46,563		23,282	23,282	46,563	
DHHS Staff Assistant II	17,134	17,134	34,268	80,831	17,134	17,134	34,268	80,831
Task Force Program Specialist								
Task Force Program Analyst								
Task Force Staff Assistant II								
Staff Benefits	14,145	14,145	28,291		29,278	29,278	58,557	
Operating	7,500	7,500	15,000		7,500	7,500	15,000	
System Change	96,000	96,000	192,000					
Single Point of Entry	30,000	30,000	60,000					
Evaluation Contract								
Case Management	2,629,187	3,121,441	5,750,628		5,258,374	6,242,882	11,501,256	
Enhanced Match		3,100,232	3,100,232			6,200,463	6,200,463	
Federal Match for Freed Up GF		5,819,845	5,819,845			11,639,691	11,639,691	
HHS Total	2,857,248	12,269,579	15,126,827	80,831	5,335,568	24,160,229	29,495,798	80,831
Legislative Council(FY 14 & FY 15)	1,760		1,760					
Bill Total	2,859,008	12,269,579	15,128,587	80,831	5,335,568	24,160,229	29,495,798	80,831
Total Costs								
Leg Council (FY 14 and FY 15)	1,760		1,760					
Administration/Operating	228,061	228,061	456,122	80,831	77,194	77,194	154,388	80,831
Case Management	2,629,187	3,121,441	5,750,628		5,258,374	6,242,882	11,501,256	
Additional Federal Match		8,920,077	8,920,077			17,840,154	17,840,154	
Total	2,859,008	12,269,579	15,128,587	80,831	5,335,568	24,160,229	29,495,798	80,831
By Budget Program								
Leg Council (FY 14 and FY 15)	1,760		1,760					
HHS Administration	228,061	228,061	456,122	80,831	77,194	77,194	154,388	80,831
Medicaid	2,629,187	12,041,518	14,670,705		5,258,374	24,083,036	29,341,410	
Total	2,859,008	12,269,579	15,128,587	80,831	5,335,568	24,160,229	29,495,798	80,831

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

State Agency or Political Subdivision Name:(2) Department of Health and Human Services

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Date Prepared:(4) 1-17-14

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	<u>FY 2014-2015</u>		<u>FY 2015-2016</u>	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$3,980,026		\$5,612,538	
CASH FUNDS				
FEDERAL FUNDS	\$13,681,481		\$24,363,721	
OTHER FUNDS				
TOTAL FUNDS	\$17,661,507		\$29,976,259	

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

LB 690 directs DHHS to apply for the Balancing Incentives Payment Program (BIPP) grant from CMS, with the application due by July 31, 2014.

In order to meet the July 31, 2014 application due date the Department of Health and Human Services would need to hire a contractor to prepare the application and participate with technical support after the application is submitted, at an estimated cost of \$126,000 (\$63,000 GF and \$63,000 FF) in SFY14. This estimate was provided by a current DHHS contractor familiar with Medicaid services and systems.

Assuming the grant is approved and the program begins November 1, 2014, at the recommendation of CMS based on scope of work and timeframe of grant, DHHS would need 1 FTE Program Coordinator, 2 FTE Program Specialists and 1 FTE Staff Assistant II to implement and monitor the program estimated at \$330,514 (\$165,257 GF and \$165,257 FF) for SFY 2014 and \$330,514 (\$165,257 GF and \$165,257 FF) for SFY16.

Assuming the Task Force is created, one FTE Program Specialist will be needed in the State Unit on Aging to oversee the statewide strategic plan for long-term care, contract procurement and management of the budgeting evaluation for a national entity, estimated at \$85,489 (\$42,744 GF and \$42,745 FF) for SFY 2015 and \$85,489 (\$42,744 GF and \$42,744 FF) for SFY16.

To comply with the required single point entry system, DHHS will need to provide services for screening clients, determining service eligibility and enrolling clients in services. It is further recommended to provide conflict free case management to those clients not currently receiving this service to ensure the best outcome of the program. DHHS would need to contract out these services with new or existing local entities. It is estimated that to provide on-going conflict free case management for clients not currently receiving this service, but who would be eligible for it under BIPP requirements, would cost approximately \$11,501,256 (\$5,258,374 GF and \$6,242,882 FF) annually, with the first full year being SFY16. The estimated cost of these services for November 1, 2014 to June 30, 2015 is \$7,667,504 (\$3,583,025 GF and \$4,084,479 FF.) This cost estimate is based on the number of clients (5,659) in SFY 2013 who received Personal Assistance Services, home health and/or private duty nursing, and was not enrolled on an HCBS waiver. This group of clients was further reduced by taking into consideration the number of clients that are enrolled in managed care. The remaining 4,966 clients make up the group of clients who would receive conflict free case management under BIPP. The case management cost for each new client is based on the current services coordination which is \$193 per month for 12 months.

To meet the system requirements as defined by the BIPP grant, DHHS would also need to make system changes that are estimated at \$192,000 (\$96,000 GF and \$96,000 FF) in SFY13. Due to the short time frame involved, it is possible that web-based assessment products already on the market may need to be purchased

instead of developing or adding to current State systems. Additionally, a Single Point Entry System will require the development and maintenance of a website designed for community based long term services and supports which is estimated at \$60,000 annually (\$30,000 GF and \$30,000 FF.)

If the grant is approved, it is estimated that approximately \$6.2 million would be available for services annually; the first full year would be SFY16. Under BIPP, the amount available is based on an increased match rate of 2% of the \$310,023,159 total SFY13 expenditures for HCBS Waivers and community based long term care services, such as personal assistance services and home health services. The increased match rate which increases the amount of federal share used to pay the original expenditures would reduce the general fund expenditures by \$6.2 million. These reduced General funds must be used for new or expanded long term services and supports. The BIPP grant specifically restricts the funds from being used for administrative expenses. Therefore, all costs identified above cannot be paid for with these grant funds. It is assumed that the freed up general funds would be eligible to be used for match to draw down additional federal funds as long as the new or expanded services are coverable and eligible for match. The additional Federal matching funds would be approximately \$11.6 million annually; the first full year would be SFY16. Because the start date is November 1, 2014, it is estimated that during SFY15 approximately \$3 million would be available for services due to the 2% increased match. There will also be approximately \$5.8 million in additional federal match because of the \$3 million of general funds freed up in SFY15.

It is the expectation of CMS that the structural changes and services being created under the BIPP grant will continue to be used once the program ends. Taking this into consideration, it should be noted that the BIPP grant ends September 30, 2015 or when the \$3.2 billion in funds have been expended by CMS, which ever occurs first. At that point, the estimated \$5.8 million of Federal funds being received from the increased match would need to be replaced by general funds annually.

MAJOR OBJECTS OF EXPENDITURE

PERSONAL SERVICES:				
POSITION TITLE	NUMBER OF POSITIONS		2014-2015	2015-2016
	14-15	15-16	EXPENDITURES	EXPENDITURES
DHHS Program Coordinator	1	1	\$46,563	\$46,563
Staff Assistant II	1	1	\$34,268	\$34,268
DHHS Program Specialist	3	3	\$129,942	\$129,942
Benefits.....			\$73,771	\$73,771
Operating.....			\$509,459	\$191,459
Travel.....				
Capital Outlay.....				
Aid.....			\$16,867,504	\$29,500,256
Capital Improvements.....				
TOTAL.....			\$17,661,507	\$29,976,259